
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

by Attorney General Wayne Stenehjem's
Consumer Protection and Antitrust Division

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Testing Your Financial Literacy – Part 3

At any given time on any given day, consumers are making decisions that affect their economic well-being. Whether it's finding the lowest price for a tank of gas, airline tickets or groceries; choosing a calling plan; comparing mortgage, education or auto loans; or choosing a retirement or health plan, consumers - young and old - need to be financially literate to make wise purchasing decisions in the marketplace, and to build a solid financial future.

Test your financial literacy with part three of our four part series:

1. Negative financial information can stay on your credit report for:
 - a. 2 years
 - b. 5 years
 - c. 7 years
 - d. 10 years
2. What do "points" refer to in the home mortgage application process?
3. True or False: Federal law requires that warranties be available for you to read before you buy a product.
4. True or False: Each state has a law that lets pharmacists substitute less expensive generic drugs for many brand name products.

Here are the answers to part three of this quiz:

1. **c. 7 years.** There are certain exceptions:
 - Information about criminal convictions may be reported without any time limitation.
 - Bankruptcy information may be reported for 10 years.
 - Information reported in response to an application for a job with a salary of more than \$75,000 has no time limit.
 - Information reported because of an application for more than \$150,000 worth of credit or life insurance has no time limit.
 - Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

2. **Points are fees you pay the lender for the loan.** One point equals one percent of the loan amount. Points usually are paid in cash at closing. In some cases, you may borrow the money you need to pay, but doing so will increase the loan amount and your total costs.
3. **True.** Federal law requires that warranties be available for you to read before you buy a product, even when you're shopping by catalog or on the Internet. Coverage varies, so compare the extent of warranty coverage just as you compare style, price, and other characteristics of the product.
4. **True.** Each state has a law that lets pharmacists substitute less expensive generic drugs for many brand name products, and depending on your prescription needs, your savings could be significant. Currently there are many offers circulating for discount medical plans/cards. Legitimate discount cards can offer savings on prescription drugs and visits to doctors, dentists, and other health care providers. But the cards touted by telephone, over the Internet, and even on handbills frequently inflate savings, hide "administrative fees" and other costs in fine print, and exaggerate the number of providers that accept them.

Next week we will have our fourth and final part on financial literacy.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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